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FOREIGN SERVICE DESPATCH

57
DESP. NO.

FROM : AMEMBASSY, TRIPOLI

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 5, 1955
DATE

REF : CA-345, July 13, 1955

For Dept. Use Only	ACTION	DEPT.
	NEA-4	RMR-2, OLI-6, E-4, SAMSA-1, ICA-10
	REC'D 8/23	INFO OTHER Army-4, Navy-3, Air-3, OSD-4, TR-3

SUBJECT: Libyan-American Reconstruction Commission

JOINT EMBASSY-USOM/L MESSAGE

The Embassy and USOM/L believe that some of the questions concerning the Libyan-American Reconstruction Commission (LARC) raised by the Department and ICA in the referenced instruction have been clarified in reports transmitted subsequent to Tripoli's Despatch No. 334 of May 17, 1955. However, it may be useful to indicate the particular documentation which appears to the Embassy and USOM/L to offer the greatest clarification.

With regard to the minutes of LARC meetings, the Embassy-USOM/L wish to point out that these minutes are by no means complete. Some passages are nearly, although seldom entirely, verbatim reporting, while others are only approximations, and substantial portions of the proceedings have been omitted entirely. It is believed that the minutes represent substantially the gist of the meetings, but they cannot be assumed to be complete or entirely accurate.

It is understood by the Commission that only assured funds can be earmarked, let alone allotted for projects. This procedure was recommended by the Executive Director in his "Recommendations Regarding Project Proposals" (Enclosure No. 12, Despatch No. 380 of June 21) and sanctioned by the Commission. Mr. Pitt Hardacre's and Mr. Hannum's remarks on pages 6, 7, and 8 of the minutes of the fifth meeting (Enclosure No. 1, Despatch No. 56 of August 5, 1955) indicate that this procedure is understood and will be adhered to. While the new member, Salem el Qadi, may have had a different viewpoint, his suggestions received no support. It is also understood by the Commission that projects such as Benghazi Harbor and the Federal Roads, which require continuing expenditures in future years, will have first priority on assured funds in those years. The Department and ICA will note from the two schedules of projects (Enclosure No. 1, Despatch No. 334 of May 17 and Enclosure No. 2, Despatch No. 380 of June 21) that the only continuing commitments are in the fields of public works, health, and education, the latter two being relatively minor. No continuing commitments have been assumed in other fields except for the remainder of the capital of the Agricultural Credit Bank, which is an indefinite one. The other projects adopted for LARC's fiscal year 1955/56 are either completely "one-shot" projects or they are projects which can be expanded or not, according to the availability of funds.

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DEPARTMENT OF STATE A/FDC/HR
REVIEWED BY Jim Razi DATE May 6 1982

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In regard to the availability of LARC funds for primary and secondary school facilities, there is strong support among certain Libyan members of LARC for such allocations. The matter has never come up for Commission action, so no strongly positive position has been expressed by the U.S. members. The U.S. members do not feel that they can flatly deny the importance of primary and secondary school education in economic development but have indicated that such education must have a low priority in comparison with projects which will contribute immediately to increased production. It appears unlikely that more than a token allocation could be made to primary and secondary education projects, even if the Commission approved them, since all but 0.3% of assured funds for 1955/56 have already been earmarked, and 85% of the next four years' assured funds have been tentatively earmarked for continuing commitments. Education projects, like all others of any size, would have to be presented in support of requests for additional aid. Since the U.S. members of LARC, as well as all other persons, Libyan or foreign, interested in Libyan development, seek to achieve a reasonable balance in Libya's economic development, the U.S. members would hesitate to express in advance disapproval of all projects involving primary and secondary school facilities.

Mr. Gordon's statement on Page 8 of the minutes of the third meeting was actually understood by the members and observers in its proper context, which the minutes do not accurately reflect. Mr. Gordon expressed the view that LARC should not use its funds for scholarships or training awards abroad, rather that such training should be financed by USOM, UN, and the GOL. Several observers complained that they had not been able to secure sufficient funds from those sources for an adequate program. Mr. Gordon's misquoted statement meant that USOM could have allocated more money to such purposes in fiscal year 1955 than it had done - that there was no limitation on the proportion of technical assistance funds that could be devoted to training grants.

Embassy-USOM/L comments on the LARC projects questioned by the Department are as follows:

(1) The minerals survey mentioned in the minutes is a very modest project. USOM's geologist, who is familiar with the Italian reports on the subject, has already located several deposits, chiefly fertilizer minerals, and needs drilling and testing equipment to determine their extent and quality. This would seem to be one opportunity to carry out the recommendation of the Foreign Relations Committee that development assistance and technical cooperation programs be operated together to obtain maximum results.

(2) LARC funds have been earmarked for the purchase of the Tripoli power plant from SECI, an Italian company, with the understanding that other sources of funds will be fully explored before an actual allocation is made. At the present time, Mr. Yamman, LARC's Executive Director, is inclined to believe that no private source can be found to supply all the financing for the plant, but that if LARC finances the purchase, the remaining funds needed for modernization and expansion can be secured on commercial terms. However, he is fully aware of the desire of the Embassy and USOM/L for a thorough exploration of all possibilities for complete financing from sources other than LARC, and will conduct such an exploration.

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(3) The so-called "trachoma control" project is actually a public health program in environmental sanitation and public health education to prevent not only trachoma but other filth diseases. It is not a trachoma treatment program similar to the previous Point IV effort in this field. Since trachoma control is something the Libyans understand and want, the present project, which will be the basis for a real public health program, has been presented principally in terms of trachoma control.

(4) The Embassy and USOM/L fully appreciate the problems which may arise from the establishment of an institution of higher learning (of any size or character) in Libya. There is, however, a strong desire on the part of the GOL, including the Parliament, to have such an institution here. If LARC does not supply funds for this purpose, thereby achieving a substantial degree of control over its composition and operation, the GOL may establish one itself and obtain the necessary funds by shifting some other more acceptable project to LARC, in which case LARC would in effect pay for the "university" and have no control over it. The conversations of the University of Nevada team with responsible Libyan officials indicate a realization on the part of these officials that the aims of a Libyan "university" should be modest for many years to come. The Nevada team's report has been received and will be thoroughly studied and discussed with the GOL before further action is taken.

(5) The proposal to use LARC funds for the Suk el Giuma Highway (now called the Coastal By-Pass Road) arose in effect from the desire of the U.S. Corps of Engineers to have an adequate access road to Wheelus Field from Tripoli. The Engineers had available, in fact, a substantial sum of money to construct part of such a road. None of these funds, however, could be used for purchase of a right of way, and since the Tripolitania Administration, within whose jurisdiction the matter fell, had no money for such a purchase either, the right of way was never acquired. The fact is that the Tripolitania Administration should both acquire a right of way and build the road, but since it has no prospect at any time in the foreseeable future of obtaining sufficient funds for such a purpose without diverting a substantial portion of its meager revenues from more immediately essential projects, the road will not be built unless LARC or the Engineers or both do the job. There is no doubt of the necessity for the road. Aside from the economic benefit which would accrue both to Libya and to Wheelus Field from adequate means of road communication between the largest city in Libya and the largest economic enterprise in Libya, there are other considerations which demand prompt action. The present Tripoli-Wheelus Field road is narrow and crowded, it passes through one of the largest market towns in the Tripoli area, and the road surface is rapidly breaking up. There have already been frequent accidents on it and it is merely a question of time before a really serious one occurs. If Americans or local employees operating Wheelus vehicles are involved, there will be serious public-relations repercussions.

For the Ambassador:

David G. Nes
First Secretary of Embassy

Copy to: Benghazi

(Cleared with Mr. Marcus J. Gordon)

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